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ABSTRACT

Ideas for federal student aid programs that are based on merit or academic achievement are discussed, along with the relationship of this approach to other federal student aid programs. Attention is focused on rewarding merit to the undergraduate student. Recent proposals have been introduced in Congress to promote academic excellence and to encourage students to pursue studies in technological fields and teaching. Most of the plans would establish special grant programs for these students or make them eligible for loan forgiveness. Awarding and honoring excellence largely has been the province of private organizations and postsecondary institutions; the federal government has played only a minor role in rewarding academic achievement. It is suggested that the federal government may not be the most appropriate source of merit awards. Problems could arise over the use of subjective eligibility criteria for federal merit aid, and conflict could result over the dollars devoted to merit aid not based on need. In some senses, the private sector has an advantage over the federal government in meeting shortages or other special needs. In addition, there is no clear evidence that government or private efforts to reward excellence or prompt students to pursue certain vocations have been highly effective. (SW)

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REWARDING MERIT: ASSESSING THE ROLE OF FEDERAL STUDENT AID

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Funding for this project provided by the Exxon Education Foundation

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EVALUATING STUDENT AID OPTIONS

ALTERNATIVES FOR FEDERAL INVOLVEMENT

As the level of debate on the upcoming reauthorization of the Higher Education Act intensifies, members of Congress, the Administration, and others can be expected to propose a wide variety of alternatives to the current array of federal aid programs. These proposals may be global in nature, or they may address specific components of the law or individual sectors of postsecondary education.

Reauthorization provides an excellent opportunity to review the effectiveness of the existing student aid programs and to devise new solutions to the problems of financing postsecondary education. Historically, each time the Higher Education Act has been reauthorized, the federal commitment to the student financial assistance effort has been renewed and strengthened. The Education Amendments of 1972 and 1976 were marked by the inauguration of new, innovative, and expanded programs to assist students; the Pell, Campus-Based, and State Student Incentive Grant programs were created in this manner. In 1980, Congress concentrated on building upon these earlier foundations; authorization levels were raised, the congressional role in the delivery of student aid was enhanced, and eligibility criteria were reevaluated. Once again, in the coming months, Congress must grapple with the question of how best to structure the federal role in providing assistance to postsecondary students.

This year, more than in past reauthorizations, Congress may look to research evidence to support certain proposals or to identify areas in need of attention. When Congress authorized the National Commission on Student Financial Assistance as part of the last reauthorization, it was trying to close what it viewed as an information gap between policymakers and the programs.

The National Commission produced nine reports and forty papers and provided information covering many of the most crucial questions concerning the national program of student financial assistance. The Commission also may have had one unintended effect; it raised the consciousness of many persons involved in the current reauthorization regarding the ability to use research as the basis for policy. The use of research to develop positions or to prove or disprove certain assumptions is not new, but it has never been used as extensively by policymakers and lobbyists as it is today.

Evaluating Student Aid Alternatives

Since the beginning of the current federal commitment to assist students in financing their post-secondary education, there have been a great many changes in the federal programs. Some of these have taken the form of vast new programs that radically alter the aid structure while others have represented little more than fine tuning of the existing system in order to improve its efficiency or effectiveness. Certain concepts consistently must be considered in evaluating the potential value of these changes as well as their future success or failure.

Most federal student aid is embodied in Title IV of the Higher Education Act of 1965 as amended. Title IV programs, which are the most costly and serve the most students, are the focus of the current reauthorization debate.

Proposals to add new student aid programs, to eliminate others, or to revamp the federal role can all be judged in a similar fashion to determine their feasibility and desirability. Such proposals should undergo three levels of scrutiny before they are either endorsed or written off:

The merits of the proposals must be carefully reviewed and the goals clearly defined.

Those who would benefit (and those who would not) should be specifically identified.

The ability of the proposals to blend in with existing programs and policies needs to be examined closely.

By acknowledging all of these levels of scrutiny, we can be in a better position to react to the many proposals that will be considered in the upcoming months. Additionally, by using these criteria as proposals are being developed, there is a greater chance to arrive at solutions that are grounded in fact, rather than assumption, and that are more likely to be perceived as reasonable, thoughtful, and able to achieve their intended purpose.

This paper examines ideas for federal student aid programs that are based on merit or academic achievement. In light of recent public concern over the quality of postsecondary education, this issue is certain to be part of the reauthorization debate. The federal role in rewarding merit and its relation to other federal student aid programs are the centerpieces of this paper.

It is our hope that this paper and the others in this series will add to the body of knowledge on the federal role in aiding postsecondary students and that they will provide a framework for discussing, assessing, and judging the myriad of proposals that will be put before Congress and the community as part of the reauthorization exercise.

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REWARDING MERIT: ASSESSING THE ROLE OF FEDERAL STUDENT AID

Introduction

The past few years have witnessed a resurgence of interest in encouraging and rewarding academic excellence. Coupled with this has been a concern expressed in Congress and among the leaders of the higher education community that certain scholarly fields are experiencing shortages of qualified graduates. Remedies for these problems have been proposed by many and have spanned the spectrum of potential responses. These proposals have focused on several critical issues, offered different solutions, and reflected different views of the proper role of the federal government in addressing these problems.

The federal government is no stranger to the tasks of promoting academic excellence and providing incentives for certain career choices; several programs have been sponsored by federal agencies to promote just these goals. The Title IV student assistance programs can credit their origin to the National Defense Education Act, which was enacted by Congress in 1958 in order to bolster a perceived shortage of world-class scientists and mathematicians.

This paper concentrates on examining the potential for renewed federal action in this area and its implications for the overall student assistance effort. For purposes of this discussion, the term "merit awards" refers to rewarding students for academic excellence or for their chosen field of study through financial incentives, loan forgiveness, or preferential treatment in the awarding of financial aid. The issues surrounding the rewarding of academic excellence and the establishment of merit award programs are significantly different for undergraduate and graduate and professional students. This paper focuses on the undergraduate side of the coin, and the views expressed may not necessarily apply to graduate students and programs.

Overall Objectives

Merit awards may be used for various purposes—both short- and long-term, narrow and broad. In order to assess proposals to reward merit, it is necessary to examine the policy goals of each approach. In general, merit awards are designed to serve one of two objectives:

to encourage academic excellence and quality, or

to alleviate a need for specific skilled persons.

By evaluating the federal role in achieving these two goals, insight can be gained into the efficacy of federal

initiatives in this area.

Attempts to Encourage Excellence

Postsecondary education has been identified in recent months as a key to the national desire to emphasize excellence in American education. This has spawned numerous ideas on how the federal government could be involved in promoting academic excellence. Even some of the staunchest congressional proponents of the student financial aid effort have suggested that the concentration on need in the student aid programs has led to some slippage in the overall quality of postsecondary education and students. Sen. Claiborne Pell (D-R.I.), for example, has been worried about an erosion in the levels of student achievement.

Programs to encourage and reward academic excellence have been in existence for many years. It is, of course, a basic principle of academe to promote high levels of scholarship and reward students who rise above the rest. Most schools attempt to recognize their best and brightest students. Financial aid is only one of many forms of such recognition; honors, awards, plaques, and public notices are other common rewards. Colleges and universities use academic scholarships to recruit excellent students as well as to reward and encourage their continued excellent scholarship. Most schools are anxious to attract and retain top-notch students, and these scholarships are a valuable tool that schools use to recruit such students.

A recent study by the College Scholarship Service found that over 40 percent of all institutions and more than half of independent four-year schools use their merit awards primarily as a recruiting tool. At private four-year schools these awards averaged $1,558 compared to an $1,189 average for all schools. In general, about half of the college-sponsored merit awards are one-time grants, except at independent colleges, which offer over two-thirds on a renewable basis.[1]

State and private agencies have joined with colleges and universities in recognizing excellence. State programs vary, of course, in terms of their eligibility and awarding criteria as well as the number of students they serve. New York State, for example, bases eligibility for Regents' Scholarships on standardized testing. Idaho awards merit scholarships based on Scholastic Aptitude Test scores and high school grade point averages, while New Jersey, Pennsylvania, North Carolina, New Hampshire, Louisiana, and several other states award grants to students based on their college grades.

Private programs take many forms and have a wide variety of sponsors. Many foundations reward exemplary students with scholarships or other financial aid. The National Merit Scholarship Program rewards students nationwide based on test results. Scores of labor

unions, industrial organizations, fraternal orders, nonprofit organizations of all sorts, and other groups sponsor programs that reward exceptional high school seniors. Many "straight A" students across the nation receive a head start on college financing thanks to local, regional, and national philanthropic groups.

Awarding and honoring excellence largely has been the province of private organizations and post-secondary institutions; the federal government has played only a minor role in rewarding academic achievement. Despite support for this concept by individual lawmakers, no comprehensive effort to intercede in this area has ever been authorized.

Attempts to Promote Specific Career Pursuits

From time to time, public and private decisionmakers have attempted to remedy perceived shortages of persons who plan to enter certain fields or who plan to provide needed services. A number of efforts have been launched to provide incentives or rewards to students who study and excel in specified academic fields, who choose certain careers, or who practice their trades in designated locales.

The federal government has been involved in various endeavors to encourage students to enter specified fields. Numerous grant and loan programs have been set up to assist students pursuing careers in the health professions. Most of these programs have had some need-based criteria for eligibility. Other programs sponsored by the federal government have been small in scope, several have lasted only for a short time, and still others have received inconsistent levels of funding. Many federal agencies, including the Defense, Agriculture, State, and Justice Departments, have sponsored merit-based scholarship programs, but no coordinated, comprehensive federal endeavor has ever been implemented by Congress to encourage specific career or academic choices.

State governments have also allocated some of their financial aid monies to reward or encourage certain academic or career choices. A few have experienced shortages in certain professions (such as nursing or medicine) and have developed programs to bolster their ranks. Others have devised programs that reward those who serve in geographically or economically designated areas. States have utilized loan forgiveness, low interest rates, increased aid limits, and special subsidies in order to achieve their goals. Recently, several states have adopted measures to encourage students to enter the teaching profession and to acquire math and science skills.

In contrast, private sources, led by foundations and corporations, have provided millions of dollars to reward superior students in many fields. Perhaps the most widely known effort is the Westinghouse Science Talent

Search. Each year, talented high school students design and demonstrate practical applications of scientific concepts in local and regional science fairs. Ten students shared over $74,000 in 1984 and 300 received recognition for winning a series of local and national competitions. The Eli Lilly, Mellon, and many other foundations also sponsor programs that reward exceptional high school students. Not all of these programs are limited to the sciences, however; a wide range of artistic, musical, dance, literary, and other individual achievements also are recognized annually by private programs.

The most common form of award is college scholarship money, intended to ensure that the most talented high school students are able to continue their academic careers at the postsecondary institution of their choice. These awards are not generally based on need, although some programs are targeted at low-income or inner-city youth and vary widely in the amount they provide to the students they select.

Attracting students who excel in specific areas of study has been a long-standing mission of many colleges and universities. While their efforts have not necessarily been coordinated, colleges and universities have collectively sponsored the broadest attempts to encourage and reward students pursuing specific academic programs. Need is not usually considered in the awarding of college-based merit scholarships. In fact, programs such as these may be one of the only exceptions on campuses that generally award aid based on students' financial circumstances.

Congressional Activity

The 98th Congress gave serious consideration to several proposals aimed at promoting and rewarding academic achievement. Among these were the following:

plans to boost the quality and quantity of science and mathematics students;

plans to encourage students to enter the teaching professions;

programs to encourage students to study foreign languages; and

general reviews of current federal student assistance programs to gauge their effects on academic quality.

In the closing days of its 1984 session, Congress authorized the Federal Merit Scholarship Program. This program, designed by Sen. Robert Byrd (D-W.Va.), calls for ten students in each congressional district in the nation to receive $1,500 in recognition of their outstanding academic achievements. Under Senator Byrd's plan, states would be charged with administering the awards and developing the eligibility criteria. States would also be required to conduct awards ceremonies to ensure that the students selected to

receive Federal Merit Scholarships are given proper recognition.

Senator Byrd summed up the rationale behind this program when he introduced it on the Senate floor:

This proposal is clearly a departure from our traditional federal approach of need-based student assistance programs. And that, of course, goes to the heart of the matter . . . . I believe, as do many of my colleagues, that there is a legitimate federal role in encouraging and rewarding excellence in education at all levels . . . . Thus, it is my hope that the potential of receiving these awards will spur students in each corner of a state, in every town and city, to do better, to strive to excel.[2]

The Federal Merit Scholarship Program was authorized to receive $8 million in each fiscal year, beginning in 1986.

The 98th Congress also approved the Education for Economic Security Act, a measure aimed at improving the nation's capabilities in mathematics and science. This act has eight separate titles that seek to address perceived deficiencies in the training of math and science teachers and research into these subject areas. Thus far, Congress has appropriated $100 million dollars to implement only Title II of the act, which sets up programs to support teacher training and retraining. Other provisions of the act, which have not yet been funded, establish scholarship programs that would award up to $5,000 to students who agree to teach science, mathematics, or engineering, and others that would reward outstanding elementary and secondary school teachers.

Congress also gave its approval in 1984 to the Carl Perkins Scholarship program. These scholarships are intended to encourage students to enter the teaching profession. Under this measure, Congress would appropriate funds to the states, which would, in turn, reward outstanding high school graduates on the condition that they serve as teachers for two years for every one year of assistance they receive.

Congressional Scholars Proposal

Several organizations have introduced their own proposals for federally sponsored merit award programs. A task force of the National Student Aid Coalition has recommended the establishment of a "Congressional Scholars Program." In developing this recommendation the Coalition Task Force expressed two major concerns:

First, we are concerned that talented students from lower-income families—one of the primary target groups of the federal student aid legislation--are not fully participating in postsecondary education.

Second, we believe that not enough recognition is

given to the demonstration of talent by students from all levels of society.[3]

The Task Force argues that talented but needy students are not being adequately served by the current configuration of student assistance programs and that there is a need to make more grant assistance available to students.

The Task Force expressed its concern that the shifting of institutional aid dollars towards merit-based scholarships may result in diverting aid away from the neediest students. In the Task Force's opinion, this is a national problem that deserves national attention and a national solution, such as the Congressional Scholars proposal.

The proposed Congressional Scholars Program would reward talented students identified on the local level and screened by state educators and community leaders. Award levels would be based on financial need up to a maximum annual grant of $5,000. Students who cannot demonstrate financial need would be provided a certificate to honor their achievement in lieu of the scholarship.

The targeting of aid on talented but needy students fits contextually within the existing federal effort as does the proposal that would limit the amount of students' awards to their levels of need. In this manner, the Task Force's proposals answer some of the major criticisms of federally sponsored merit awards.

Placing Proposals in Context

One of the issues that decisionmakers will continue to wrestle with is the manner in which merit award programs, whether designed to encourage excellence or the pursuit of certain careers, fit into the overall federal effort to assist postsecondary students. At the heart of the federal student assistance initiatives are the Title IV student aid programs. These multi-billion dollar programs vary in detail and structure but share a common goal--the assistance of students and families who demonstrate a need for financial help in meeting college costs.

These programs experienced a great deal of expansion through the 1960s and 1970s, yet their growth slowed early in this decade. General budgetary and economic constraints now force these programs to fight for their share of a limited pool of federal resources. Some proponents of the Title IV programs thus have resisted attempts to divert federal dollars to programs that are not need-based, feeling that they may weaken the ability of the Title IV programs to achieve their goals. John Phillips, president of the National Association of Independent Colleges and Universities, expressed his skepticism about the appropriateness of federal merit initiatives in an article in the December 24, 1983 issue of Congressional Quarterly:

In an era of expanding resources, we could provide

special incentives for teachers and run no risk of interfering with existing student aid programs (that are) based on financial need. Now we don't have that luxury.[4]

There are certain limits on the ability of the federal government to make a significant difference in improving academic excellence or encouraging students to pursue certain careers by providing incentives. Congress has been subject to criticism that it is often unable to react rapidly enough to address effectively a perceived need and that the solutions eventually arrived at by Congress may not match the problems which prompted such action. Postsecondary education, with constantly changing enrollment trends and needs, presents special challenges to those proposing long-term strategies to meet specific concerns.

In some senses, the private sector has a distinct advantage over the federal government in meeting shortages or other special needs. It is much easier for foundations, corporations, colleges, and universities to alter their strategies of support and react to changing conditions and needs. These groups routinely reevaluate their patterns of support--defining new targets, reemphasizing prior initiatives, or supplementing existing efforts. They are prepared to react and more able to adapt to the times. Political decisions at the federal level are not arrived at easily or quickly, and there is great pressure to preserve the status quo or resist drastic alteration in existing programs. Private sources also are not subject to the same outside pressures and political considerations that influence federal lawmakers.

Further, there is no clear evidence that federal, state, or private efforts to reward excellence or encourage students to pursue certain vocations have been highly effective. While there is some evidence that many of these programs work--that deserving students have received critical assistance and that some perceived shortages have been eased--there are some contrary indications that these programs are severely underutilized by eligible students. Some areas, nursing, for example, have experienced continued shortages. Problems in economically deprived areas have not been alleviated despite a number of efforts to encourage students in certain fields to practice in these areas.

Merit award programs must also be judged according to their ability to serve students in a fair and equitable manner. Great pains have been taken in designing and administering the current federal student aid programs so that they serve students equitably and according to consistent criteria. The Pell Grant program, the so-called "foundation" of all student assistance and the core of the federal aid effort, is centrally administered and strictly constructed so that students in

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like circumstances will be assured of like treatment. The other Title IV programs also use need as the basis for determining student eligibility and awarding aid. Lawrence Gladieux, director of the Washington Office of the College Board, argues that

. . .student aid cannot provide something for everybody, and (need-based) funds have shrunk over 20 percent in real terms since 1980 in the wake of federal budget cuts.

. . .The fact is that putting money in the pockets of those who could pay (for college) on their own may deny opportunity to others who are deserving and needier.[5]

This criterion--the ability of federal assistance initiatives to distribute funds equitably--presents a peculiar challenge to the designers of merit award programs. There are virtually no selection criteria that can satisfy everybody or that will seem fair to all who may be eligible. Using certain standardized tests (that are not within federal control), employing selection panels, or using subjective criteria all set the stage for controversy regarding those selected to receive merit awards and raise questions as to the fairness of the awards process.

Weighed against the limited benefits that could potentially accrue from federal merit initiatives, the cloud of controversy that would result might not be worth the price. This is not to say that there is no federal role in promoting merit or that national concern for a comprehensive effort to raise educational quality is misplaced. Rather, the federal government should acknowledge that it can play only a marginal role in providing funds for this purpose. Federal programs are only a part of a responsibility that is shared by the public and private sectors. A coordinated effort should be made, however, to devise and implement comprehensive, nonfederal solutions to the problems identified by the many distinguished commissions, scholars, and citizens who have recently caught the attention of the public and the postsecondary community.

Summary

In response to recent national task force and commission reports, a number of proposals have been introduced in Congress to promote academic excellence and encourage students to pursue studies in technological fields and teaching. Most of these plans would establish special grant programs for these students or make them eligible for loan forgiveness.

The federal government has never undertaken a comprehensive effort to promote excellence among postsecondary students. Various federal programs have, from time to time, been implemented to steer students toward certain fields of study, but these efforts have been sporadic. The main thrust of the federal financial aid effort has been to provide funds to postsecondary students based

on their financial need, and there is some question as to whether rewarding students based on merit would be compatible with the need-based Title IV student assistance programs.

Private and institutional sources have provided most of the aid awarded to students on the basis of merit. Their programs have rewarded overall achievement as well as the pursuit of specific careers. States have also sponsored merit award programs which vary greatly in terms of eligibility criteria and the amount awarded.

In general, the federal government may not be the most appropriate source of merit awards. Problems could arise over the use of subjective eligibility criteria for federal merit aid. Conflict could also result over the dollars devoted to non-need-based merit aid, given current budgetary limitations that constrain the amount of federal dollars available for needy students.

END NOTES

[1]College Scholarship Service and the National Association of Student Financial Aid Administrators, A Survey of Undergraduate Need Analysis Policies, Practices and Procedures (New York: College Scholarship Service, 1984).

[2]Congressional Record, 98th Congress, 2nd session, October 4, 1984, S-13420.

[3]National Student Aid Coalition, Student Aid: Four Suggestions for Improvement (Washington, D.C.: National Student Aid Coalition, 1984) 20.

[4]"College Aid Proposed as Tool to Recruit Better Teachers," Congressional Quarterly, December 24, 1983, 2740.

[5]"Scholastic Merit Awards: Who Gets Them," The Washington Post, March 3, 1984, 107:89.